

Europeanisation, Bosman and the Financial ‘Crisis’ in English Professional Football: Some Sociological Comments

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Introduction

During the last two decades there has been growing concern over what has been described as the financial ‘crisis’ in English football. This is not just a media-inspired view, but one that has emanated increasingly from within the football authorities in England, government ministers and others within the professional game following the formation of the Premier League in 1992. It is also a view that has come to be expressed – particularly in light of the financial management of clubs before and after the introduction of the *Bosman* ruling in 1995 – about the financial position of football clubs elsewhere in Europe, such as Italy, Spain and Germany. Lago, Simmons and Szymanski (2006: 5), for example, have suggested that ‘the imbalance between income and expenditures, and ... evidence of rising debt’ serve to ‘demonstrate the possibility of a crisis’ in European professional football. Similarly, the former Chief Executive of UEFA, Lars-Christer Olsson suggests ‘you have clubs now where the turnover is €200m-€300m (£140m-£205m) and they still make a loss. This is very unhealthy, and stupid’. In addition, he argues ‘The growing wealth gap between clubs, and the resulting predictability of the league title race in so many European countries, is a key issue. If left unchecked it will kill off a lot of the interest in football, which depends on unpredictability of outcome to keep fans’ (Olsson, 2006: 16).

Set in this context, the objective of this paper is to offer the beginnings of a sociological explanation which highlights the extent to which Europeanisation processes, among others, have helped to make a central, though largely unplanned and unforeseen, contribution to the increasingly unequal concentration of financial

resources among only a handful of clubs in English professional football. More specifically, by drawing upon aspects of figurational sociology and focusing, in particular, upon the differential interdependencies or relational networks in which football clubs are located, we shall argue that these processes can be explained in terms of the outcomes of the complex combination of intended and unintended consequences of dynamic networks of human relations which are lengthening and becoming more complex on both a European and global scale before analysing the correlative emergence of the Europeanisation process and some of the consequences this has had for professional football in England.

In Financial Dire Straits? The Case of Professional Football in England

Before examining the current state of affairs, it is important to briefly understand how things have come to be the way they are with relation to the financial position of professional football clubs in England. Whilst it is hard to disagree with claims that the widening financial differentials between professional football clubs in England have been exacerbated by the formation of the Premier League in 1992, it would be foolish to ignore the deeper historical roots of the process the roots of which can be traced back to the emergence of class tensions surrounding the growing professionalization of the game in the nineteenth century, and developments since the 1950s in particular (Platts, 2006). However, notwithstanding the significance of all these developments, such as the abolition of the maximum wage and the introduction of live televised games, it is nevertheless clear that the formation of the PL and the agreement to award BSkyB the rights to broadcast live football since the early 1990s, set in the context of certain recommendations of the Taylor Report (1990) published in the aftermath of the Hillsborough tragedy in 1989, as well as the growth of

sponsorship and lucrative TV deals that had been agreed between the clubs, football authorities and terrestrial and satellite TV companies since the 1980s, both served to accelerate the already widening financial differentials between clubs. Both processes have, however, benefited only a small selection of PL clubs who are more able to attract a larger proportion of the increasingly skewed income accruing to English football (King, 2003; Magee, 2002; Ollsen, 2005; Parrish, 2003; Parrish and McArdle, 2004).

Thus, reflecting their differential impact on different groups of clubs, and set against the growing commercialization and commodification of modern elite professional football, these processes have had the effect of simultaneously draining financial resources from other PL clubs and those in the lower divisions and reinforcing the financial dominance of bigger PL clubs, a process that has also been associated with other countries in Europe (Olsson, 2006). The prevailing tendency for the growing concentration of wealth among only a handful of big city clubs since the 1990s (Conn, 1999; Murphy, 1999) is also said to have had the effect of increasing already spiralling player wages and ticket prices; the growth of player and agent power; and the declining competitive balance between clubs, particularly those in the Premier League, and between them and clubs in the lower leagues (Campbell, 2004; Mitchie and Oughton, 2004, 2005; Murphy, 1999). Simultaneously, however, it is noteworthy that the income accruing to football through things such as the financing of TV contracts, while favouring bigger and more financially solvent clubs, has also helped to sustain the ability of the less financially secure clubs to pay players' wages, renovate stadia, fund transfers, and, above all, secure their immediate futures.

It is important to note, however, that as significant as these processes have been for the financial viability of English professional football clubs, considered in isolation, the foregoing analysis is arguably too natiocentric. More specifically, as Dunning (1999: 123) has put it, such an explanation:

fails to pay sufficient attention to the degree to which these developments in football and the wider society formed a response by powerful groups to globalization, including the globalization of capital.

Indeed, it is our contention that it is not possible to understand adequately the financial restructuring of English football solely by reference to the motives of powerful individuals and groups (such as wealthy benefactors and consortia) or natiocentrically by reference to processes in England alone. Rather, as we outline next, the widening financial differentials between English professional clubs need to be located in a broader context and must also be understood in the context of Europeanisation, globalization and internationalization processes, all of which are currently occurring at an accelerating rate (Dunning, 1999; Maguire, 1999).

Internationalization, Europeanisation and the financial restructuring of English professional football

As Dunning (1999: 126) has noted, English professional football clubs have since the 1990s become 'locked increasingly into the global operations of powerful multinational companies' such as BSkyB, Vodafone and Barclays who are centrally involved in the financing of English football via sponsorship agreements and TV coverage of the game. A clear example of the latter is the involvement of BSkyB who, following the merger of BSB and Sky Broadcasting, have become central to the dynamic power struggles between terrestrial and satellite companies for the rights to screen live PL matches (King, 1998; McArdle, 2000). As significant as the formation

of BSkyB was for the changing financial position of English football clubs, it should be noted that one of the owners of BSkyB is Rupert Murdoch who is part of the emergent transnational class who are becoming an increasingly powerful group within the wider relational networks in which English football clubs are embroiled. In this respect, the power struggles surrounding the acquisition of the rights to screen regular live football referred to earlier should also be seen as an aspect of the broader differential power struggles in which Murdoch and other members of the transnational class were, and still are, involved. Other members of such groups include increasingly powerful and wealthy benefactors who come to assume an increasingly prominent role in the ownership and financing of English professional football clubs. These include high-profile people such as Roman Abramovich (Chelsea), Tom Hicks and George Gillett (Liverpool), Malcolm Glazier (Manchester United) and Randy Lerner (Aston Villa), all of whom who are backed by significant resources derived from other transglobal corporations beyond the English context.

It is important to recognize, therefore, that notwithstanding the growing emergence of these powerful individuals who are seeking to advance, protect and maintain their self-interests, they do not operate in isolation and are to be located in 'the increasingly competitive and increasingly international situation in which they are enmeshed' (Dunning, 1999: 124-5). That is, they need to be located within the broader complex networks of power relationships in which they were located and which limit their ability to exercise control over the financing of English football clubs.

The increasing involvement of wealthy club owners and multi-national companies has, of course, like all developments mentioned in this paper, had differential

consequences for different groups of English football clubs, for only some groups of clubs have benefited significantly from the agreement of sponsorship deals and other revenue-generating developments. Powerful multinational companies such as Vodafone, Carlsberg and Emirates, for example, have focused their efforts upon more successful PL clubs such as Manchester United, Liverpool and Arsenal, since these clubs deliver larger audiences to TV and greater global exposure of their brands. They also participate regularly in top European clubs competitions that are coming increasingly to the fore (Dunning, 1999; King, 2003). Thus, as well as appreciating the consequences of global processes such as the growing involvement of multinational companies for the financial restructuring of English professional football, it is equally important to understand these as aspects of specifically European processes (Dunning, 1999). In the present context, these complex processes currently find expression in the establishment and growing significance of the Champions League, the *Bosman* ruling, and the inauguration of the G14 clubs.

As Dunning (1999: 125) has noted, these European developments have had a significant impact ‘not only on the structure and financing of English soccer but also on the structure and financing of soccer in the whole of Europe and beyond’. In particular, the additional revenue from sponsorship deals, TV contracts, prize money and extra attendances that may be derived from participating in the Champions League has accrued to a small concentration of top clubs in England (such as Arsenal, Chelsea, Liverpool and Manchester United) who were already more financially secure than other clubs in the PL and in the lower divisions (Deloitte and Touche, 2005, 2006; Mitchie and Oughton, 2004, 2005). The additional revenue these clubs receive also supports the larger share of the broadcasting fees and sponsorship they receive

from that which is available in the English game. It also helps to secure their status among the more successful and powerful clubs in England and simultaneously weakens the possibility of other clubs joining that elite group (Bloyce and Murphy, 2006).

The prevailing tendency among a handful of clubs to seek to obtain more of the available revenue from TV coverage and other commercial activity is likely to be strengthened further as the English members of G14 continue to challenge UEFA's right to control the European Champions League (Bloyce and Murphy, 2006; Sugden, 2002). Indeed, the G14 clubs which include Arsenal, Liverpool and Manchester United are said to be of the view that since the majority of wealth accruing to football all around the world is generated in Europe:

it is they who provide the facilities, fans, and muscle and blood without which none of this cash would flow, and therefore they should have more say in how the spectacle is produced and where the money goes (Sugden, 2002: 71).

Whilst the consequences of the power struggles involved and the possibility that a 'European superleague' be established remains unclear, it is not unreasonable to suppose that together with the rising prominence of the Champions League, the establishment of G14 may have the effect of accelerating the widening financial and performance differentials between them and other clubs within the English leagues, and in the whole of Europe and beyond (Sugden, 2002). The decision by the European Court of Justices, for example, to rule in favour of Jean-Marc Bosman in his court case against UEFA on the extent to which previous UEFA rules on transferring, among other things, constituted a restriction on freedom of movement and violated European Community Law (McArdle, 2000; Parrish, 2003; Parrish and McArdle,

2004) has resulted in what Elias (1987) calls a blind social process that has also had particular ramifications for different groups of clubs.

Whilst at first sight it may have been suggested *Bosman* would enable smaller clubs to sign more players because they no longer had to pay (or pay less) for players, this has in fact simultaneously increased the ability of bigger and more financially secure clubs (especially in the Premier League) to do so. It has also increased the difficulty with which clubs from lower down the Premier League and in the Football League have in retaining their better players from whom they would ordinarily expect to receive a transfer fee should they leave for free (McArdle, 2000; Parrish, 2003; Parrish and McArdle, 2004). Consequently, these clubs have become increasingly constrained to sell players for a lower fee before their contracts have ended or risk receiving no fee in return. The performance-related effects of this often find expression when clubs face the prospect of losing players at critical periods (for example, during transfer windows), since this may impact negatively upon their ability to remain competitive in the leagues in which they compete. The loss of key players may also increase the possibility that some clubs be relegated or fail to achieve promotion. The opposite of these scenarios is, of course, equally possible and there are many other potential consequences this may have for clubs (McArdle, 2000; Parrish, 2003; Parrish and McArdle, 2004). It is important to note, however, that as significant as a loss of transfer revenue may be for the increasing constraints these place upon less financially secure clubs, it is the aggregate effect of increasing wages together with this that appears to have contributed to a further financial polarization between these groups of clubs and more established ones. As King (2003: 79) has noted:

After *Bosman* these smaller clubs have not had to pay transfer fees to others in turn. However, while the abolition of transfer fees does not intrinsically threaten smaller clubs more than the bigger one, the inflation in wages following *Bosman* has had a disproportionate effect on the smaller clubs.

The ruling and accompanying internationalization of the sporting labour market indicated by the changing migratory patterns of professional footballers (Lanfranchi and Taylor, 2001; Maguire, 1999) has also had a differential impact on different groups of players too. Indeed, while the ‘transfer-free *Bosman* movement across Europe [has] lubricated the mobility of players’ (Magee, 2002: 221), it is only the better players who have benefited substantially from an improved market position, that is, from transferring to better clubs and securing higher wages. In fact, some Premier League players are reported to be in receipt of salaries over £100,000 per week, to which can often be added substantial earnings from other forms of product endorsement and advertising. However, not all players have enjoyed these kinds of financial benefits and greater job security that have accompanied the increasing Europeanisation and internationalization of the game and growth of the Premier League. For example, of the 2,600 registered players with the English PFA, approximately 800 players compete in the PL; the majority play for lower league clubs and receive incomes that are far less substantial than those of Premier League players (Roderick, 2006). Indeed, particularly among players in the lower divisions, many are in receipt of wages that are little better, perhaps even worse, than those of spectators. Since *Bosman* in particular, many of these players are also now frequently signed on relatively short fixed-term contracts that last from one to three years (Murphy, 1999; Roderick, 2006). It is clear, then, that in contrast to the widely-held view that all professional footballers receive substantial amounts of money, lead celebrity lifestyles and enjoy relatively secure job status (Roderick, 2006). Rather,

the processes referred to above have actually had the effect of further polarizing players between ‘the highly paid few and the moderately or poorly paid many’ (Dunning, 1999: 123).

Conclusion

In this paper we have argued that in order to understand adequately the widening financial inequalities – often referred to as a ‘crisis’ – in English professional football, it is imperative that we focus on the differential interdependencies or relational networks in which English professional football clubs are located, and of which they are a part. By conceptualizing the whole ‘composite unit’, that is, the football figuration as a whole, it becomes clear that the complexity of the interactions that arise from these relational networks leads to many outcomes that were unplanned and unforeseen. In this regard, it is claimed that these outcomes, which develop out of the intended and unintended actions of dynamic, differentially interdependent human beings, have exacerbated the financial inequalities in English professional football as more powerful groups, such as the PL, the FA and different areas of the media have sought to protect, maintain and advance their own positions. We have also noted that it is equally necessary to locate the English football figuration not only within the wider and changing power relationships that constitute British society, but also within an international and European football figuration that are becoming increasingly global in scope. In this regard, we have attempted to highlight some of the contributions made by the outcomes of differential power relations between various groups whose actions constitute those international, specifically European, processes that have had the effect of widening financial differentials in English professional football.

On the basis of the evidence presented in this paper, however, the impact that the growing Europeanisation and internationalization of the game has had on the financial position of professional football clubs has not been uniform in character. More specifically, the ramifications of these unplanned processes have impacted on clubs differentially in favour of the bigger, richer and more powerful clubs, and have increased further the polarization of these clubs from those which are less financially secure. It is for this reason that we might reasonably conclude that:

despite a general trend towards increasing match attendances and growing revenue from sponsorship and television, the finances of a large number, perhaps even a majority, of [English] professional clubs remain in a parlous state (Dunning, 1999: 121).

Finally, it has been our primary concern in this paper to advance our understanding of the development of a specific human figuration, and of the central contribution made by Europeanisation processes in particular to the widening financial differentials in English professional football. We are also of the view, however, that ‘sociology, in particular, is failing in its task if its research cannot be made fruitful by other disciplines’ (Goudsblom and Mennell, 1998: 172). In this regard, it is worth concluding this paper by reflecting briefly on some of the policy implications that emerge out of our analysis presented here and elsewhere.

In practical policy terms the foregoing analysis would appear to suggest that given the relational constraints that characterize European professional football, the reforms set out in recent policy and legislation (such as the recent Independent European Sport Review) are not likely to reverse the financial inequalities in English football and in the whole of Europe, where much of the wealth in world football is concentrated. They are also reforms that do not exist in isolation from other reforms that may serve

to undermine it and are but one element in other human figurations and this is bound to have other, as yet unforeseen and unintended, consequences. For any reform such as the proposed introduction of salary caps, which themselves are problematic, to be effective in tackling financial inequalities in professional football, UEFA will be required to obtain a degree of co-ordination with the European Council to help constrain clubs to operate like any other commercial organization. However, at the time of writing the signs are that, with some exceptions, many clubs will remain operating under intense financial constraints that will continue to limit the extent to which they can remain competitive both financially and on the pitch. It would seem, therefore, that any reduction in the financial inequalities characteristic of professional football in England and elsewhere in Europe there is a real need for a fundamental restructuring of the game to take place, with UEFA being at the forefront of this process.

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